

Statement of Considerations

REQUEST BY DETROIT DIESEL CORPORATION FOR AN ADVANCE
WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS
MADE IN THE COURSE OF OR UNDER DEPARTMENT OF ENERGY
CONTRACT NO. DE-FC05-97OR22606; DOE WAIVER DOCKET W(A)-97-010
[ORO-654]

Petitioner, Detroit Diesel Corporation has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Department of Energy (DOE) Contract No. DE-FC05-97OR22606. The scope of work calls for the cooperative development of technologies leading to high efficiency, very low emission diesel engines for light duty trucks and sport utility vehicles. The work is sponsored by the Office of Transportation Technologies.

The dollar amount of the contract is \$65,273,391 with Petitioner cost sharing 50%. The duration is 54 months beginning in June 1997 and encompassing six fiscal years.

Petitioner is a world leader in the design, development and production of diesel engines, and maintains an extensive patent portfolio. Moreover, Petitioner has substantial experience inserting technology into engine "families". Petitioner provided a three-cylinder "conventional" automotive diesel engine for Chrysler's ESX Mule minivan. Thus, Petitioner's experience and expertise will contribute substantially to the development of inventions made under the contract.

Petitioner's commercial position has been well established in the heavy duty truck, bus, marine, industrial, and generator set markets. Petitioner has established itself as a high volume automotive/light truck diesel engine supplier by supplying 53,000 engines in 1996. Considering its market position, it has the capability to commercialize engine technology developed under the contract.

Petitioner has made significant financial and other investments which are directly related to the work to be performed under this contract. Petitioner has purchased an automotive diesel engine manufacturer in 1994 to gain expertise in the development of automotive diesel engine technology. Petitioner has invested in heavy duty diesel engine R&D to maintain its position as the leader in heavy duty diesel engine technology. Petitioner has also invested substantially into the development of personnel and facilities which will directly contribute to the success of this program.

The contract has been executed and is proceeding with the standard DOE Patent Rights - Acquisition by the Government clause. If the requested waiver is approved the Patent Rights - Waiver clause will replace the present clause as a no-cost modification to the contract. Petitioner has approved the Patent Rights -Waiver clause including march-in rights, the granting of licenses to background patents necessary for practicing

subject inventions, retention by the government of a license, and preference for U.S. industry.

Further, Petitioner agrees that any product, process or service using any intellectual property arising from the performance of this contract, including that resulting from a Subject Invention shall be manufactured, practiced or provided substantially in the United States unless Petitioner can demonstrate that it is not commercially feasible to do so.

Granting of the waiver should have little effect on competition since there are several technology options, this being one of many previously or yet-to-be developed in the marketplace, therefore there should not be undue market concentration of Petitioner's products.

Grant of the requested waiver should serve as encouragement to other DOE contractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

In view of the acceptable level of cost sharing by Petitioner and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.



Emily G/Schneider
Patent Attorney

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared contract where, through such a modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE



Thomas J. Gross
Deputy Assistant Secretary for
Transportation Technologies

Date: 11/9/98

APPROVAL:



Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and
Intellectual Property

Date: 11-13-98

(2) However, the Contractor shall not forfeit rights in a subject invention if, within the time specified in paragraph (m)(1) of this clause, the Contractor:

(i) Prepares a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract and delivers the decision to Patent Counsel, with a copy to the Contracting Officer; or

(ii) Contending that the subject invention is not a subject invention, the Contractor nevertheless discloses the subject invention and all facts pertinent to this contention to the Patent Counsel, with a copy to the Contracting Officer, or

(iii) Establishes that the failure to disclose did not result from the Contractor's fault or negligence.

(3) Pending written assignment of the patent application and patents on a subject invention determined by the Contracting Officer to be forfeited (such determination to be a Final Decision under the Disputes clause of this contract), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph shall be in addition to and shall not supersede any other rights and remedies which the Government may have with respect to subject inventions.

(t) U.S. Competitiveness. The Contractor agrees that any product, process or service using any intellectual property arising from the performance of this contract, including that resulting from a subject invention, shall be manufactured, practiced or provided substantially in the United States unless the Contractor can demonstrate that it is not commercially feasible to do so.

5. FAR 52.227-14 Rights in Data - General (JUN 1987), Alternate I (JUN 1987), Alternate II (JUN 1987), Alternate III (JUN 1987), Alternate IV (JUN 1987) ~~(See AT-67-5-Attached)~~ W

() Contractor licensing.

Except as may be otherwise specified in this contract as technical data not subject to this paragraph, the contractor agrees that upon written application by DOE, it will grant to the Government and responsible third parties, for purposes of practicing a subject of this contract, a nonexclusive license in any contract data which are proprietary data, on terms and conditions reasonable under the circumstances including appropriate provisions for confidentiality; provided, however, the contractor shall not be obligated to license any such data if the contractor demonstrates to the satisfaction of the Head of the Agency or designee that:

(1) Such data are not essential to the manufacture or practice of hardware designed or fabricated, or processes developed, under this contract;

(2) Such data, in the form of results obtained by their use, have a commercially competitive alternative available or readily introducible from one or more other sources;